

**CALIFORNIA RESOURCES AGENCY
COASTAL IMPACT ASSISTANCE PROGRAM
PROJECT PROPOSAL FORM**

Department: Resources Agency, Office of the Secretary
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Title of project: California Element of the National Ocean Economics Project
Project location: Entire California Coast
Total cost: \$100,000
Funding request: \$100,000

MISSION

To ensure comprehensive and coordinated management, conservation and enhancement of California's ocean and coastal resources for their intrinsic value and for the benefit of current and future generations.

GOALS: Four goals have been established by the State of California to achieve this mission.

Goal 1: Stewardship. To assess, conserve, and manage California's ocean and coastal resources and the ecosystem that supports those resources.

Goal 2: Economic Sustainability. To encourage environmentally sound, sustainable, and economically beneficial ocean and coastal resource development activities.

Goal 3: Research, Education and Technology. To advance research, educational programs, and technology developments to meet future needs and uses of coastal and ocean resources.

Goal 4: Jurisdiction and Ownership. To maximize California's interests in coastal watersheds, State Tidelands, the Territorial Sea, and the Exclusive Economic Zone.

Project Summary

Background. The California coastline includes a diverse group of ocean-dependent economies, ranging from densely populated urban areas, such as Los Angeles in Southern California, to small rural communities, such as Bodega Bay in Northern California. These coastal economies all depend on the ocean to varying degrees. A study conducted in the early 1990s by the California Research Bureau found that seven ocean-dependent industries directly contributed just over \$10 billion to the California economy and approximately \$17.3 billion when taking into account indirect effects.

The California Research Bureau's Economic Assessment of Ocean-Dependent Activities remains the “only show in town” for California and is widely quoted and misquoted. As excellent and useful as it is, the study:

- needs updating, because it has been ten years since it was completed.
- was only a snapshot of a single year and did not indicate trends in those sectors to assist planners in understanding the direction and status of the studied activities in any context.
- covered only seven industries and in such a way that part of their values and those of other activities not covered were overlooked.
- did not attempt to estimate the value of California's “ocean capital,” or stocks such as fisheries and offshore minerals, as a part of the ocean economy's contribution to the state.

Since the Research Bureau's study, we have gained additional insight and understanding of how to value the coast and ocean and have new tools and concepts to help us calculate these values more precisely and in more detail.

Proposal: Estimate California's Ocean Economy. The Secretary for Resources proposes to fund the California portion (\$100,000) of a national ocean economic study to estimate the size of California's ocean economy.

This project will update the California Research Bureau study and produce estimates of California's ocean economy that will be the envy of other coastal state planners and managers. This project will also serve as the prototype for the national model being built and, based on data availability, provide California with the following:

- The size of the California ocean economy relative to the rest of the nation. (i.e., what portion of California's contribution to the U.S. gross domestic product is from the ocean-based economy).
- Measure size and changes in California's ocean economy over a period of 15-30 years.

If the project coordinator is able to obtain access to detailed data from the state, the project can show regional economic data for specific areas of California. Which regional boundaries are appropriate (e.g. Southern, Central, Northern; or Urban, Rural; or Marine Sanctuaries and their adjacent coastal lands) will be determined by the project coordinator in coordination with the Secretary for Resources.

The following industries will be covered by the study:

- Tourism and Recreation
- Real Estate
- Fisheries
- Marine transportation
- Ship and boat building
- Coastal Construction, restoration, maintenance and repair
- Offshore minerals
- State government

It is expected that the following estimates will be made for each industry:

- the output of each industry and its contribution to the total economy;
- how many people are employed in each industry (provided there is access to state employment figures);
- personal income generated from each economic activity;
- how other sectors in the California economy indirectly use and depend on the ocean;
- the cost of transporting goods to and from California businesses using California ports;
- the availability of fresh seafood in California restaurants from local fishing efforts; and
- tourism revenues derived from beach visitors and other coastal recreational activities related to clean coastal waters.

Finally, the study will attempt to estimate the value of specific fisheries, such as the salmon fishery, that represent the ocean's capital. This final element is cutting edge and highly dependent on the availability of past data. Recent work by the National Research Council provides the conceptual framework for carrying out this valuation. Californians will be able to use the time-series data to examine historical trends and for the first time be able to weigh the needs for sustainable practices in the future.

This data will be made publicly available on the Web, both through the Resources Agency's highly effective Internet website (the California Environmental Resources Evaluation System, or CERES) and the National Ocean Economics Project.

Consistency with Mission and One or More Goals

Mission: The California element of the National Ocean Economics Project will provide the data necessary to justify future expenditures for managing, conserving and enhancing California's valuable ocean and coastal resources for current and future generations.

Goal 1, Stewardship: This project addresses stewardship of ocean and coastal resources by arming resource managers with the economic data they need for justifying management, conservation and enhancement expenditures. The results of this project will show that California's ocean and coastal resources, if properly managed, contribute significantly to California's economy, thus arguing for effective and efficient stewardship to maintain healthy marine resources.

Goal 2, Economic Sustainability: The California Research Bureau's 1995 economic assessment of seven ocean-dependent industries indicated that those industries directly and indirectly contributed \$17.3 billion to the state economy in 1992, creating over 370,000 jobs that year. Those industries are largely based on the existence of clean coastal waters for swimming, healthy marine resources, sustainable fisheries, and beaches that are safe from erosion. This project will update the California Research Bureau's findings, as well as show the relative contribution California makes to the national economy. As the sixth largest economy in the world, California's management efforts have national implications for both the environment and the economy.

Project Budget

• Economic sector information gathering	\$16,000
• Tourism and real estate sector staff	6,000
• Tourism and real estate sectors information gathering/data compilation	10,000
• Port and shipping sector information gathering/compilation	5,000
• Website and database development	16,000
• Project management and coordination	20,000
• Travel	4,000
• Cost to acquire EDD data	<u>23,000</u>
• Total	\$82,000

Project Timeline

The staff for this project are already in place and poised to begin work as soon as funding becomes available. The project will require 12-14 months to complete once funding is received.